



SENT TO COUNCIL:

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by Council Liaison's Office

Memorandum

**TO: HONORABLE MAYOR AND
CITY COUNCIL****FROM: Alex Sanchez****SUBJECT: AFFORDABLE HOUSING
PRODUCTION****DATE: August 1, 2000**

Approved

Date

8-2-00

INFORMATION

There has been a great deal of news media coverage in recent weeks about the increasing shortage and cost of housing in San Jose and throughout the Silicon Valley. While these stories have contained a great deal of information about the affordability of the area's housing stock, the efforts of the City of San Jose to address the need for additional affordable housing have received only minimal coverage. As you know, the City has arguably one of the most active and aggressive affordable housing programs in the nation. The following facts are being made available to you to provide the full story of the City's response to the need for affordable housing.

The Department of Planning, Building and Code Enforcement has projected that 19,000 dwelling units of all types will be constructed in San Jose between July 1999 and June 2004. During that same time period:

- The Housing Department has been charged with completing construction of 6,036 units in the five-year housing plan adopted in October 1999. The Department is on track to meet that target.
- The Redevelopment Agency anticipates that another 612 units of affordable housing will be constructed, either through subsidies from the Agency or because State law requires that projects in redevelopment areas must make 15% of the units affordable.

This total of 6,648 affordable units currently anticipated to be completed by June 2004 will constitute nearly 35% of all projected housing construction in San Jose.

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In addition to the construction of new affordable housing units, the City is working to make the existing housing stock affordable:

- It is projected that, between July 1999 and June 2004, 1,225 units will be acquired and rehabilitated with City assistance. Because of City assistance, these units will have restricted rents.
- An additional 766 units in projects with expiring HUD contracts have been acquired with City assistance, preserving affordability that would have otherwise been lost. Both the 696-unit El Rancho Verde and the 70-unit Don De Dios projects would have converted to market-rate rents, displacing lower-income families who are the least able to afford rents in the current housing market.
- By June 2004, it is anticipated that more than 1,100 households will receive homeownership assistance in the form of Mortgage Credit Certificates and/or direct downpayment assistance from the City of San Jose. These new homeowners would not have had the chance to own their own homes without this kind of assistance.

Consistent with long-standing policy direction from the City Council to maximize the leveraging of affordable housing funds, the Housing Department has urged its development partners to aggressively pursue other sources of financing at favorable rates:

- In the first half of calendar year 2000 (through July 17th), affordable housing projects in San Jose received over 25% of the Low-Income Housing Tax Credits allocated throughout California.
- San Jose housing projects are anticipated at this time to receive over 18% of the State-wide, tax-exempt bond allocations from the California Debt Limit Allocation Committee's set-aside of private activity bond authority in calendar year 2000 reserved for multifamily rental housing.

If you have any questions regarding this information, please do not hesitate to call me at extension 5817.



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Director of Housing